EXHIBIT A

ISSUED BY THE UNITED STATES
BANKRUPTCY COURT,
DISTRICT OF MASSACHUSETTS
(Eastern Division)

- -

IN RE: SHAMUS HOLDINGS, LLC.,
Debtor.

- -

DEPOSITION OF BERNARD LAVERTY, called as a witness by counsel for the Debtor, pursuant to the provisions of Massachusetts Rules of Civil Procedure, before Victoria S. Reade, Professional Court Reporter and Notary Public, in and for the Commonwealth of Massachusetts, taken at McCarter & English, 265 Franklin Street, Boston, Massachusetts, on Friday, September 21, 2007, commencing at 10:00 a.m.

APPEARANCES

MCCARTER & ENGLISH
BY: Ms. Kara A. Lynch, Esq.
Mr. Charles Dale, Esq.
265 Franklin Street
Boston, Massachusetts 02110
617-607-9200
Counsel for the Debtor

REIMBER BRAUNSTEIN
BY: Ms. Alissa L. Poynor, Esq.
Three Center Plaza
Boston, Massachusetts 02108
617-523-9000
Counsel for LBM Financial, LLC

ROBINSON & COLE
BY: Mr. Clive D. Martin, Esq.
One Boston Place
Boston, Massachusetts 02108
617-557-5934
Counsel for Charles Housman

I N D E X

Testimony of:	Direct	Cross	Redirect	Recross
Bernard Laverty				
by Mr. Dale	4			
by Ms. Poynor		42		

E X H I B I T S

Exhibit No.		Page
3	Note	21
4	Closing Information	29
5	Correspondence	29
6	HUD Form	40

EXHIBITS ATTACHED TO ORIGINAL TRANSCRIPT

P R O C E E D I N G S

BERNARD LAVERTY, having first been satisfactorily identified by the production of his driver's license and duly sworn by the Notary Public, was examined and testified as follows:

DIRECT EXAMINATION BY MR. DALE:

Q. Would you state your full name for the record.

A. Bernard J. Laverty, Jr.

Q. Mr. Laverty, your residential address, please.

A. 195 Highland Street, Marshfield, Massachusetts.

Q. And can you give me a summary of your educational background, please.

A. High school, one year of college.

Q. And can you give me a summary of your professional experience.

A. Was in real estate for about 30 years, had a brokers license, had a real estate company, also had security company and spent the last probably six years developing real estate projects -- well, since 2003.

Q. What are you currently developing?

A. Right now I am just trying to finish off what's left which is the Hibble and Marlborough, everything else is either in bankruptcy court or being worked out through them.

Q. And give me the Hibble, what is the Hibble?

A. The Hibble is a piece of property on the corner of Main Street and Ocean Street that they're trying to do a 15,000 foot commercial space with the 22 units above it.

Q. And Main Street and Ocean Street, where?

A. In Hyannis.

Q. In Hyannis, got it. And the Marlborough property?

A. That is on Robin Hill Road and that is two and a half acres that land-locks in 32 acres that we had an agreement to develop jointly and try and get a 150 unit 55 and older community in there and then just sell off the permits.

Q. Who owns the Hibble property?
A. Myself. Well, it's actually in a trust. It's in an LLC. It's confusing. It's in an LLC.
Q. What's the name of the LLC?
A. Hibble Realty LLC and the 100 percent membership interest in that is in the name of Vincent J. DiMento, the attorney, and basically really myself and my partner, Robert Bradley, have a future vested interest if and when we get the permits.
That was done at the request of LBM. They did the first loan, they did a re-fi loan as -- to do the loan they requested that it go into the LLC with Jimmy DiMento as the sole beneficiary of that and then we would have a future vested interest when it got to the point where we got title to it.
Q. Got it.
A. And it's the same with Marlborough, they did the same thing when they redid that loan.
Q. How much do you owe LMB on the Hibble

Realty property?
A. That's a court case for down the road.
Q. Got it. Is the same true for the Marlborough property?
A. No, the Marlborough is pretty clean cut. It was purchased for 6.10, it's probably up around eight-something and it was at 12 percent and unless they've gone to 32, which I don't think they have, as far as I know, it was supposed to stay at 12.
Q. Got it. You understand that I represent Shamus Holdings?
A. Correct.
Q. Shamus Holdings acquired some property in South Boston through foreclosure that was previously owned by an entity called the Foundry Realty, LLC?
A. Correct.
Q. And you understand, do you not, that Shamus Holdings filed a bankruptcy case as a result of a pending foreclosure action by LBM Financial?
A. Correct.
Q. I am going to ask you about a group of

entities that I believe you're connected to in one way or another and see if you can give me some background on them.

655 Corporation, are you connected to 655 Corporation?

A. Yes, I am.

Q. How so?

A. I am 85 percent owner of it, but it's actually in bankruptcy so I don't know if the entity, I don't know, whatever they determine with that, but technically I was 85 percent majority owner.

Q. Understood. Are you an officer or director of that corporation?

A. I was the manager of the LLC and as part of doing the DIP loan LMB requested that I turn over the managementship of the 655 Corp to Vincent J. DiMento.

Q. Got it. And who is Vincent J. DiMento?

A. The attorney.

Q. Got it. Frank DiMento's son?

A. Yes.

Q. And 655 Corp owns or is attempting to develop and sell real estate where?

A. Add 655 West 2nd Street in South Boston.
Q. 320 Corporation?
A. Correct.
Q. Are you connected to 320 Corporation?
A. I am.
Q. How so?
A. I owned 85 percent of the corporation that owned the property.
Q. Are you an officer and/or director?
A. I was, correct, and that has been fully developed and sold.
Q. And was LBM Financial the lender in that situation?
A. They were the lender as far as the initial purchase, they lent the money on that, and then they were taken out by General Bank and then they left in money as equity.
Q. Got it. SOS Realty?
A. Same thing.
Q. SOS Realty owned real estate where?
A. In West Roxbury, on Washington Street in West Roxbury.
Q. And you were an 85 percent equity owner of that?

A. Yes.
Q. Who owns the other 15 percent in the other entities we just spoke of?
A. Barry Queen.
Q. Who is Barry Queen?
A. He was a partner, office manager. He was the accountant, the in-house attorney, pretty much did it all.
Q. Okay.
A. He basically managed all the check books, wrote all the checks, did all the AIAs for the withdrawal requests so that was his function throughout the whole time.
Q. Foundry Realty LLC --
A. Correct.
Q. -- what is your connection to that?
A. Luckily none. That was owned by Frank Fraine and Aiden Hughes.
Q. Who if Frank Fraine?
A. He's --
Q. What is your relationship to Frank Fraine?
A. None. He was a friend of mine for a long time and we've parted ways.
Q. Who is Aiden Hughes?

A. Who was almost like his confidant, he's like a son to him. He was a developer, bar owner in South Boston. They owned a few restaurants together, did some projects together.

Your best bet is to just get the newspaper articles, that would give you a better idea who he is.

Q. Got it. But there is no connection then between Foundry Realty and the other three that we've mentioned, SOS, 320 or 655?

A. Yes. When we were doing the projects, okay, Frank Fraine, we are all partners. I put the money in, I was the security company and to carry the properties and do it.

655 and 320 were originally bought and purchased by Frank Fraine and Aiden Hughes through the T, through Jack Gallagher and the T, and then LBM came in and took them out and General Bank came in and took them out.

Q. Got it. So is it fair to say then that 655, 320, SOS Realty and Foundry were jointly developing properties?

A. Yeah. The Foundry basically was the office space where everything was run out of.

You had -- they opened it up when I came into the picture they already owned the Foundry and they had originally bought the Foundry and was financed through Fanuel Market, Frank Viola.

Frank wanted to pay it off, that's when Steve Ross came in to pay off Frank Viola.

The Foundry was used as the office for all the companies, Platinum Investments which was the company they had in place before I came in that and what they would do is, Platinum Investments, FKB Main and then they had KBF Sales and the Kirsten Corp pretty much all running out of this operation and Barry was running the books on all of them and running all the drawers in different projects.

Q. Barry Queen was?

A. Barry Queen was, and I think if you looked it up, he was president of the Platinum Investments and probably the FKB Main.

So what would happen is the drawers would come in, go into the company and then they would put it into -- take some money out of that and put it into FKB Main which was like a central holding account and then they would pay the vendors out of that and that was only for 655 and 320, not West Roxbury.

West Roxbury at that time wasn't even really part of it, they came on latter, but the Foundry itself was owned by the Foundry Realty, LLC, Stuart Sojcher, they had him become the manager of the LLC and the beneficiaries were Frank Fraine and Aiden Hughes.

Q. When you say "they had him become", you mean Fraine and Hughes?

A. Yeah, they asked him to become the manager.

Q. Is it true to say that Frank Fraine was directing the operation generally?

A. When I came into it he was the key player. He was directing everything that was going on.
Q. And you may have already answered this, what was your connection, if any, to On Broadway Corporation?
A. None. At one point they were having issues with the city and what was going on and they asked me to become the manager and I said fine, and then I resigned and turned it back over to them when we had our separation.
Q. What was your relationship, if any, to Platinum Investment Services?
A. None, that was Frank Fraine and Aiden Hughes.
Q. What was your relationship to City Scapes?
A. City Scapes was the construction company that they had and it was being run by Pat Staretti.
When we had our separation, there was four of us that were partner, when we separated we divided up assets. City Scapes was on 320 and I think as a

guarantor and 655.

Pat Staretti(ph) requested to come off of it because he was no longer part of this side so I took over at that point.

Q. FKB Main?

A. That was strictly Frank Fraine.

Q. And did you say BKF?

A. There was an FKB Main which was -- and I could be getting some of the initials wrong because there was so many different entities, I am just going off the top of my head, but I am pretty sure it was FKB Main was the holding company that they put together to have the drawers go into and pay the vendors and contractors.

KBF Sales was an entity that they had that they used to put money into or put something or hold something. That was Frank Fraine's and it was actually the initials of his grandkids.

Q. Got it. And all of these entities, let me run down the list, Foundry, 655, 320, On Broadway, Platinum, City Scapes, FKB, KBF

Sales, they were all headquartered at the Foundry property?

A. Correct, and there was also Main Street in Worcester.

Q. Again, since you're way ahead of me in terms of knowledge, I think you've already answered this, but the original financing source for these developments, these businesses was the T?

A. Yeah, not on all of them, but on some of them. The T, again, if you really want the details, just get the newspaper articles, they've done it, broke it down real well.

They were the initial acquisitions, especially like On Broadway because they still have like 2.3 million owed to them on that for a couple of condos, but they came in and then I think on 320 and on 655 they got a loan from an outfit called Wolfpen which was an operation, I believe, that was co-owned by Billy De Petri and Marcello Mallegni.

Q. So there was some financing from Wolfpen which paid down --

A. No, they took out the T on that when they were having problems, Wolfpen came in and took out the T, I think. This was before I got involved so I am just giving you what I know.

Q. Okay.

A. And then Fraine and Aiden were having trouble with Wolfpen so there was a big argument, fight, so they asked me to come in and pay some money, which I did, and then to get financing to take out Wolfpen which I went ahead and did.

As part of that deal, like on 655, there was, I think the Wolfpen was owed 2.9, according to their numbers.

General Bank requested that we leave in for -- they put in 5.6, we got to leave in 1.2, or something to that effect.

So a deal was worked out with LBM and Marcello that he would leave in 1.2 as equity in the project, and then General Bank would be there and he would get paid out of the sales.

So, what happened was we did a closing, General Bank paid Wolfpen 1.7 and change and they left in 1.2 to show the 1.2. We went to a closing where LMB now gave a loan to 655 Corp for 1.2 and we did the HUD and we did all that, and it was, I think the bottom line was like a million one or something that they said that they gave us, and at no time did any checks cross the table.

Q. So there was no money, this was the way that you created the appearance of equity in --

A. And not only that, we did a letter to the bank saying that we satisfied -- Barry Queen sent the letter to General Bank saying that we had satisfied the 1.2 with LBM, but, in fact --

Q. You mean the Wolfpen?

A. Yeah, the Wolfpen. We did a loan, said we fully satisfied the Wolfpen 2 point something, but we've got a $1.2 million loan from LBM.

If you look at the HUD

statement, it clearly shows for them it was only like 1.1 something that was paid and didn't satisfy them and there was never any funds exchanged.

Q. So there was no money paid anyway?

A. None.

Q. So that transaction was a sham, if you will, created only to attempt to illustrate equity in the property so the General Bank would make the loan?

A. Absolutely. As part of that 1.2 that was in there we had a deal with General Bank that was a release schedule.

what they had done, General Bank and LMB put cross-collateralized loans on everything in sight, which was my house, Frank Fraine's house, Main Street Brewing in Worcester, the Foundry, 420 Corp, just about everything you could think of was cross-collateralized for that 1.2, all right.

General Bank and LBM at the time agreed to do a release schedule that as we got to certain benchmarks they would

release certain assets.
Once we got to a certain point they would release my house, they would release Frank Fraine's house, when we got to another like when the lobby and the elevator were done, they would release The Irish Times, the Foundry, because equity was being built up and their position was secure. So General Bank did what they said they were going to do, LMB refused.
Q. Never did?
A. Never did.
Q. You talked about you were here at some portions, Mr. Laverty, and not at others. When did your involvement in these real estate developments begin?
A. 2003.
Q. And when did your involvement end?
A. About a year and a half later. We actually have a separation agreement. I can get you the dates off of it, I just don't remember off the top of my head.
Q. That's all right.
MR. DALE: Why don't we mark

this as Laverty 3.

(EXHIBIT NO. 3 WAS MARKED FOR IDENTIFICATION.)

Q. Mr. Laverty, just sake a quick spin through that. What's been marked as Exhibit 3 for you is actually a series of different documents.

It's a note, it's a guarantee and it's a mortgage. I am going to ask you about all three, so just take a quick spin through it and tell me if you recognize that document.

A. I have seen it many times.

Q. Mr. Laverty, as of May 9, 2003 you were an 85 percent owner and officer and director of 655 Corporation?

A. Correct.

Q. And Barry Queen was the 15 percent minority owner?

A. Yeah, and I could be off just by a percentage or something because it was City Scapes had, I think, 1 percent. It was very convoluted, but I can get that for you.

Q. Understood, but you were the majority owner?

A. I was the majority owner.

Q. Mr. Queen was the minority owner?

A. Correct, and then there was, City Scapes had some part of it, but I don't know the exact part of it.

Q. And with respect to 655, you both had an officer and/or director role?

A. Correct.

Q. If you'll turn to, I think, the fifth page in, a document marked Guarantee. As of May 9th, 2003 you were unconnected to Foundry?

A. Yes. The Foundry belonged to Aiden Hughes and Frank Fraine and Stuart was the manager. I might have signed a guarantee. The day we did this, we had a lot of stuff to sign.

Q. And I think if you look, you will see that that document was signed by Stuart Sojcher as manager.

A. Yes, he was the manager.

Q. Do you recognize Stuart Sojcher's

signature?
A. Yes.
Q. Is that it?
A. That's it.
Q. And he was the manager, to your knowledge, at that time?
A. Absolutely.
Q. Let me take you back just a bit. You had said that part of the real estate developing financing was that you were after in the spring of 2003 was from General Bank?
A. Yes.
Q. And is it true -- and do you recall how big a loan General Bank was proposing to make?
A. On 655 Corp, I believe it was $5.6 million, 5.6 to 5.8, somewhere in that ballpark.
Q. And was one of the requirements of the General Bank loan that 655 Corp pay down some portion of the Wolfpen debt or have an infusion of equity?
A. We had to put in $1.2 million, okay, and

we had to satisfied the Wolfpen loan.

So basically Marcello had agreed to leave in -- General Bank came up with the number 1.2 -- that's what you guys got to leave into the project for us to meet our number ratios to do the loan.

So Marcello said, okay, we'll leave in the 1.2 in equity, we'll do a note, you know, go behind the General Bank and we'll cross-collateralize everything in the world and go from there.

And that's when we were doing that we said, well, you're tying up a ton of property and there's going to be a ton of equity in this project so because General Bank -- what happened is General Bank cross-collateralized all this stuff too because they wanted to have more security, but they agreed to tie it up for the full length of the term would broke everybody, so that's why they did the release schedule.

We worked with Marcello on it and he agreed to put the money in and we said the same concern with him, you know, this is way more collateral than you need for 1.2 especially when this project, you know, within six months is going to be worth a hell of a lot more than it is right now.

So they agreed to follow the same guidelines as General Bank as to a release schedule. General Bank did what they were going to do, LBM didn't.

Q. And did LBM agree to that release schedule in writing?

A. Well, there was this writing going back an forth initially saying they were going to do it I guess, and then when the paperwork came around to being done it was not in there.

It might have even been something the day before that they said, no, they weren't going to do it.

Again, that was -- it's kind of hard -- this is -- if you look at some of the other track records, you'll see it's kind of hard to walk away from a deal when someone tells you the day before we're not going to do this and you've got all this riding on it at the same time.

Q. And let me just identify the two parties here. I think you had said that Wolfpen was a lender, and to your knowledge, was owned by Billy De Petri and Marcello Mallegni?

A. Correct.

Q. LBM was also a lender?

A. LBM was a lender, correct, and that, to my knowledge, is owned by Marcello Mallegni, David Mousad -- Duddy -- and Michael Norris.

Q. And Duddy Mousad is the chairman of Congress Bank?

A. Chairman of Congress Bank, correct.

Q. So as of the date of this note, this May 9th, 2003, let's just focus on the Foundry property.

As of May 9th, 2003 was there a mortgage on the Foundry property in favor of Wolfpen?

A. No.

Q. As of May 9th, 2003 who held mortgages against the Foundry property, if anybody?
A. The only people that had mortgages on the property was Fanuel Financial which is Frank Viola, there was the original mortgage when they bought the property and then Steve Ross was taking him out.
Q. So as of May 9th, 2003 did Wolfpen have a mortgage against the 655 Corp property?
A. Yes.
Q. And they were owed approximately how much?
A. Again, that's up for debate, but according to the numbers it was probably around 2.8, 2.9, somewhere around there.
There was a big fight over -- it was probably more, but they agreed to take the 2.9 or something to that effect.
Q. And was it the case that Wolfpen was willing to take only $1.7 million or so out of the General Bank financing because if the General Bank financing didn't happen, they wouldn't get any money out it?
A. Yeah. See, what happened was there was

two things: Billy De Petri and Frank Fraine did not get along. There was a big clash and there was going to be a major problem, if you know what I am saying, there was going to be a major problem, so Billy wanted out, Marcello said fine, I'll leave the million-two in and I believe if you check the 1.7 was Billy's half of that loan.

Q. Got it. So with respect to these documents, these documents purport to evidence a loan of $1.2 from LBM to 655 Corporation on May 9, 2003, right?

A. Correct.

Q. And they also purport to evidence a guarantee secured by a mortgage from Foundry Realty, LLC, right?

A. Correct.

Q. And is it your testimony that on May 9, 2003 there was no $1.2 million loan made by LBM to 655 Corporation?

A. Yes, there was no consideration unless you consider just him leaving in equity, it was all paper. There was never any funds transferred. I don't believe there was any -- there was no money.

I think 1.7 went to Wolfpen and it's only my opinion as far back at LBM they cut a check for 1.2 and gave it to Wolfpen, I don't know if they did that, but no check came for LBM to us to endorse to pay back to them or whatever.

Q. Okay.

A. That didn't happen. Actually, there was no check, I believe. It wasn't 1.2 anyhow, it was $1,115, something like that, that was supposed to satisfy that and we were supposed to come up with the other $87-somewhat thousand and there was never a check cut from the company from 655 Corp or anybody to cover that.

Q. Okay.

MR. DALE: Why don't you go ahead and mark both of these, this one first.

(EXHIBIT NOS. 4-5 WERE MARKED FOR IDENTIFICATION.)

Q. Mr. Laverty, I am going to show you what's been marked as Exhibit 4. Do you recognize that?

A. Oh, sure.

Q. What is it?

A. It is settlement sheet that we received from General Bank.

Q. And you see some handwritten notes?

A. Uh, huh.

Q. The settlement sheet is from Jeremy Liu to you dated of May 2nd, 2003.

A. Correct.

Q. And there is some handwritten notes one of which next to payoff existing mortgage says there is a parenthetical handwritten note that says equity?

A. Correct.

Q. Do you know whose notes those are?

A. Barry Queen.

Q. These are Barry Queen's notes?

A. Yes.

Q. And can you explain what this document means?

A. Basically it was settlement for us to pay off the existing mortgage that was there and it's showing that General Bank was going to pay $1,598,500 to Wolfpen and we were going to pay the $1,201,500 to Wolfpen and that would have left us the equity we needed.

Q. Got it. Okay. Let me show you Exhibit 5. Do you recognize Exhibit 5?

A. I do.

Q. What is it?

A. It's a letter that we had to send to General Bank telling them that we had satisfied their requirements.

Q. And were you aware of this letter before it went out?

A. No.

Q. Did you become aware of it afterwards?

A. Correct.

Q. And you were involved in the discussions, were you not, where 655 Corp was going to advise General Bank that they had satisfied General Bank's underwriting standards by infusing $1.2 million and paying down the Wolfpen debt?

A. Correct.

Q. But that wasn't true, was it?

A. No. We had worked out a deal with Linda Multon of General Bank, quite honestly she didn't care how we did the 1.2, just that we satisfied it and that's all they were concerned about, didn't care if -- Wolfpen said that they were satisfied, that's all they asked for, so they requesting a letter stating that.

So Barry did the letter and we worked out the deal with LBM to leave in the equity and the same thing happened on, I think it was 230 Corp.

They didn't -- it was -- we dealt with Linda Moulton who was the president of the bank at the time, dealing with both loans at the same time. They really didn't care, they wanted to do the loans.

They were like, look, our guy lends us this, we just need to know, how you satisfy with these guys is up to you. We just need something saying they're satisfied and they might have gotten something from, and I don't know if they have, anything from Wolfpen saying that they were satisfied. I don't know.

All she said is send us a letter, how you guys work it out internally is between you guys.

Q. And did the General Bank loan closing occur shortly after May 11, 2003?

A. I believe so, yes.

Q. And do you know whether from that loan closing Wolfpen was paid $1,598,500?

A. Yes, I believe they were. You should have some sort of -- do you have the HUD statement from the closing?

Q. My understanding is that money was transferred?

A. You have to understand, when we did the closing literally the files were from here to here with file folders because of all the additional collaterals.

Every property had its own file that was as thick as this to sign.

Q. Now, General Bank did not take the Foundry property as collateral, did it?

A. I believe it did.
Q. Oh, did it?
A. Yes.
Q. And did it subsequently discharge?
A. Yes.
Q. And what was the benchmark for discharging the General Bank loan against the Foundry property?
A. It was the lobby and elevator to be complete. The first two were supposed to have been when we got the building framed and secured, you know, roof on, windows in, everything, they would release the houses and then when we got the elevator, to the point where the elevator was complete and the lobby was complete, it was supposed to release the Foundry, The Irish Times, and I don't know if there was anything else too and then when we got to where units were complete they would release everything.
Q. And when you hit that stage of development, General Bank did, in fact, discharge its mortgage against the Foundry

property?

A. Yes. They discharged my house, Frank's house and when we got to this stuff they discharged the, I believe, The Irish Times and the Foundry.

Q. Now, let me go back and ask you, you said there was some writings that were back and forth but nothing was ever settled on?

A. All the communications really were between Barry Queen and the bank, Barry Queen and LBM because he basically was the in-house attorney, that's why he did the markings on this because even though it came in addressed to me, he would sit there and, okay, this is equity, this is wrong, this is wrong and then sent it back.

Q. And with respect to Exhibit 4, this General Bank fax, do you know whether Barry Queen sent that fax to Linda Molton with those handwritten markings on it?

A. Oh, I am sure he did, absolutely.

Q. And with respect to the Wolfpen loan, do you know why instead of discharging the Wolfpen mortgage, that mortgage was

assigned to On Broadway Corporation?
A. Say that one more time.
Q. Do you know any reason why instead of the Wolfpen mortgage on the 655 Corporation property being discharged it was assigned to On Broadway Corporation?
A. Yes. On Broadway was additional collateral for that loan. I don't know if they put another mortgage on like this on On Broadway.
What I think they did was already there, Wolfpen was already there so all they did was just assign that part over.
If you look at West Roxbury, SOS, same thing happened except it didn't involve Wolfpen. We bought the West Roxbury property from this group, LBM gave the loan. It was like $3.2 million and it took Framingham Cooperative Bank to get the construction loan, they gave us a construction loan.
As part of that, again, we had to leave in equity so Framingham

Cooperative out of the closing came, I think to LBM like $1 point-something million and had them leave in $1.7 million and then they subordinated to the new thing.

They never discharged that 3.2, they just left it on there and said you only owe us 1.7 out of that and that was agreed between the bank and LBM to do that.

Also, at the same time they also, I don't know if it has any relevance or not, but they had an agreement that if anything went wrong that they would buy the loan back from Framingham Cooperative Bank, and it did go wrong and they didn't, so there is a big rift over on that and suits.

Q. I can imagine. Sometime after the General Bank loan closing, Pine Banks made a loan to the Foundry, right?

A. Yes.

Q. And that loan, the loan proceeds from that loan were used to pay off you had said --

A. Frank Viola and Fanuel Market Financial or something.
Q. Fanuel Investors Group referred to as FIG?
A. Yes, and it's Frank Viola.
Q. And so that was First Mortgage Financing taking out First Mortgage Financing?
A. Correct.
Q. Was LBM aware of the Pine Banks loan being made --
A. Absolutely.
Q. -- from the Foundry?
A. Yes.
Q. And how do you known that?
A. I went out there and talked to them.
Q. Who did you speak to?
A. I spoke with Michael and Marcello. I had to wait for about three hours for them to show up.

I sat with both of them and I explained to them and everything was rosy at the time, everything was fine, there was no problems on any of the projects, there were no issues.

I went up and met with them and

said, look, Frank Viola wants to get out, we got a deal with Steve Ross to take him out, they're not really increasing any of the numbers or anything, it's what it is, it's only really a cross-collateral loan and you're fully secured on 655, plus you still got seven other properties that you got on, will you agree to subordinate and they said, yeah, we'll subordinate that because there was no issues at the time.

Q. In any event, they were expecting to have to discharge that mortgage when the elevator and lobby were complete?

A. Correct. And it was one of the topics we discussed because I said, you know, we've got the elevator and lobby that are almost done.

At that point you've got to discharge it anyhow and they agreed to do it and this was just like two or three days before we had to close with Steve.

I also know that Stuart had talked to Mike Norris about it and he had said, yes, they would do it and I believe, if I am not mistaken, I was in Steve's office when he called to verify it because Steve wasn't going to loan it until he heard from Mike Norris that they were going to do it, he wasn't just going to take my word for it or Stuart's word for it.

So we were in Steve's office when he had called Norris and asked are you going to subordinate and he said, yeah, so we went forward with the closing and then the next day after the closing I went up with the subordination agreement to get it signed.

Q. Okay.

MR. DALE: Mark that.

(EXHIBIT NO. 6 WAS MARKED FOR IDENTIFICATION.)

Q. Exhibit No. 6, Mr. Laverty, do you recognize Exhibit No. 6?

A. Yes.

Q. Can you tell me what it is?

A. It the HUD statement from the 1.2 million.

Q. It purports to be a loan closing statement

for the may 9th alleged loan closing,
right?
A. Correct.
Q. And I think to your point earlier it
purports to say that net of charges and
costs and fees, $1,125,725 was supposed to
be flowing from LBM to 655 Corp?
A. Correct.
Q. And to your knowledge, that never
happened?
A. I saw no check cross that table.
Q. And you recognize that to be Barry Queen's
signature on the second page?
A. Yes.
Q. And do you recognize that to be Michael
Norris' signature on the second page?
A. It is.
Q. And you were there when he signed it?
A. I was there at the closing.
Q. You've been very clear that you never saw
money change hands at that loan closing?
A. No.
Q. Do you know whether money ever, in fact,
changed hands?

A. No, never.
Q. You don't think it did?
A. I don't think it did, and I think I would have known.
Q. I am going to take, if you don't mind, a two minute brake.
A. Sure.
(THEREUPON, THERE WAS A SHORT RECESS.)
BY MR. DALE:
Q. Mr. Laverty, I want to thank you for taking the time to come, we appreciate it. I don't have any further questions so I don't know if anybody else here does.
MS. POYNOR: I have a couple
MR. DALE: Sure
CROSS-EXAMINATION BY MS. POYNOR:
Q. I was just wondering if you could tell me Steve Ross' role in Pine Bank, if you know.
A. Steve Ross was the, what do you call him, almost like the bank. He represented a group of investors and he would do loans.
He would go to them and say to

them I've got a property, go out and do an appraisal and tell you what he'd be willing to loan against it; he represented investors and his firm would do the closing and then they from that point on they were in charge of services, make sure they get the payment, do all that stuff.
Q. He represented investors, to your knowledge, he wasn't part of Pine Bank?
A. No, he represented it.
Q. Do you know if he was part of the Foundry, if he had any role in the Foundry?
A. What do you mean?
Q. If he had a financial role in the Foundry?
A. No, absolute not.
Q. Any stakes in 655?
A. Steve Ross was only a banker, had no stake in any property that I had.
Q. Did he ever represent 655?
A. No. No. The only representation on 655 Corp was Barry Queen and at some closings that could have also been Stuart Sojcher.
Q. And the Foundry, he had no representation in the Foundry?

A. Steve Ross, no. Steve Ross was a lender, that's all he did was he lent the loan, he closed the loan. The only time we heard from Steve Ross is if we were late on a payment, then we'd hear from him.

Q. Okay. That's all I have.

A. Okay.

(WHEREUPON, THE DEPOSITION WAS CONCLUDED AT 11:10 A.M.)

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss

I, Victoria S. Reade, Professional Court Reporter and Notary Public in and for the Commonwealth of Massachusetts, do hereby certify that on Friday, September 21, 2007, BERNARD LAVERTY, a witness, whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by the witness.

I further certify that I am neither related to or employed by any of the parties in or counsel to this action, nor am I financially interested in this action.

In witness whereof, I have hereunto set my hand and affixed my seal on this 24th day of September, 2007.

Victoria S. Reade
NOTARY PUBLIC
My Commission Expires:
August 8, 2014

ERRATA SHEET DISTRIBUTION INFORMATION

DEPONENT'S ERRATA & SIGNATURE INSTRUCTIONS

ERRATA SHEET DISTRIBUTION INFORMATION

The original of the Errata Sheet has been delivered to Charles Dale, Esquire.

When the Errata Sheet has been completed by the deponent and signed, a copy thereof should be delivered to each party of record.

INSTRUCTIONS TO DEPONENT

After reading this volume of your deposition, please indicate any corrections or changes to your testimony and the reasons therefor on the Errata Sheet supplied to you and sign it. DO NOT make marks or notations on the transcript volume itself. Add additional sheets if necessary. Please refer to the above instructions for errata sheet distribution information.

PLEASE ATTACH TO THE DEPOSITION OF: BERNARD LAVERTY

CASE: SHAMUS HOLDINGS, LLC

DATE TAKEN: SEPTEMBER 21, 2007

ERRATA SHEET

Please refer to page 46 for errata sheet instructions and distribution instructions.

PAGE	LINE	CHANGE	REASON

I have read the foregoing transcript of my deposition and except for any corrections or changes noted above, I hereby subscribe to the transcript as an accurate record of the statements made by me.

Executed this _____ day of ______, 2007

____

Bernard Laverty